



IPAMS
Independent
Petroleum
Association
of
Mountain
States

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November 5, 1997

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Mr. David S. Guzy
Chief, Rules and Publications Staff
Royalty Management Program
Minerals Management Service
P. O. Box 25165, MS 3101
Denver, CO 80225-0165

RE: Designation of Payor Recordkeeping; Interim Final Rulemaking
62 F.R. 42062; August 5, 1997

Dear Mr. Guzy:

The Independent Petroleum Association of Mountain States (IPAMS) is pleased to provide comments to the Minerals Management Service on the above-referenced Interim Final Rule. IPAMS believes the Interim Final Rule unfairly and illegally places a burden on payors to respond to MMS's request for information concerning on whose behalf they are paying rentals, bonuses and royalties. This, in an attempt to identify the operating rights owner and/or the record title owner in order to satisfy the requirements of the Federal Oil and Gas Royalty Simplification and Fairness Act of 1996 (FOGRSFA).

Incredibly, that information is already available through the Department of the Interior's own Bureau of Land Management. Just because the Bureau has failed to adjudicate lease transfers and assignments for the past dozen or so years, should not mean that the burden must now become industry's.

IPAMS questions why the BLM should not be required to update its database and simply record the transfers or assignments of lease ownership. Apparently there is no mandate to adjudicate ownership, or BLM would not have discontinued doing so long ago. This updated database would provide a readily accessible record of lease ownership that MMS could employ in those instances where the operating rights owner or record title owner must be notified. Moreover, BLM's database would be much more easily and cost-effectively updated than requiring periodic reporting by payors. IPAMS realizes it would require a significant commitment on the part of BLM, but asserts that the burden is more appropriately borne by the Department.

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IPAMS is also aware that the Department of the Interior Royalty Policy Committee has established a Subcommittee, consisting of representatives from MMS, the states and industry, to address the issues related to designation of a payor. Therefore, IPAMS recommends MMS defer finalizing these regulations and cease all enforcement activity with respect to the Interim Final Rule until such time as the Subcommittee has had an opportunity to make its recommendations to the Royalty Policy Committee.

In the meantime, IPAMS recommends MMS pursue determination of lease record title and operating interest ownership on an exception basis, inasmuch as – by MMS's own admission – the need to do so occurs only in a limited number of instances.

Thank you for your consideration of our comments. Please feel free to contact me if we can answer any questions or if you would like to discuss our comments in further detail.

Sincerely,

A handwritten signature in black ink, appearing to read "Carla J. Wilson". The signature is fluid and cursive, with the first name "Carla" being more prominent and the last name "Wilson" following in a similar style.

Carla J. Wilson
Director of Tax and Royalty